

LB	LB 775			LB 608		LB 312				
	Opt 1	Opt 2	Opt 3	Level 1	Level 2	Tier 1:	Tier 2:	Tier 3:	Tier 4:	Tier 5:
Name	Employment & Investment Growth Act			Nebraska Advantage Rural Development Act		Nebraska Advantage Act				
Begins				1-1-2006	1-1-2004	1-1-2006				
Ends	12-31-2005			N/A	N/A	12-31-2010	N/A	12-31-2010	N/A	
Application	Required			Required	Required	Required				
Application Fee	\$500			\$500	\$500	\$1,000	\$2,500		\$5,000	\$2,500
Nebraska Location	Anywhere			One county of less than 15,000 inhabitants or one designated enterprise zone.	One county of less than 25,000 inhabitants or one designated enterprise zone.	Anywhere				
Required Levels										
Investment	net gain of \$20,000,000	\$3,000,000	\$10,000,000	net gain of \$125,000	net gain of \$250,000	\$1,000,000	\$3,000,000	N/A	\$10,000,000	\$30,000,000
Employment	N/A	30	100	2	5	10	30		100	No loss
Wage level	N/A			\$8.57 (2005) \$8.93 (2006)		60% <sup>i</sup> (\$18,905 for 2006)				
Indexing	N/A			Wage level		Wage and investment levels				
Attainment period	Up to 7 tax years			Up to 2 tax years		Up to 5 tax years	Up to 7 tax years	Up to 5 tax years	Up to 7 tax years	
Entitlement period	7 tax years			2 tax years		6 or 7 tax years	7 tax years	6 or 7 tax years	7 tax years	
Carryover period	N/A	8 tax years		N/A		0 to 3 tax years	2 to 8 tax years	0 to 3 tax years	2 to 8 tax years	N/A

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Maintenance period	Entitlement period			3 tax years after credits earned		Entitlement period				Qualification year plus 9 tax years
Eligible participant	Person who is or whose owners mostly are subject to sales and use taxes and either an income tax or financial institutions tax.			Person subject to income tax or financial institutions tax. A partnership, limited liability company, S corporation or joint venture.		Person who is or whose owners are subject to sales and use tax and withholding tax or is exempt under section 521 of IRC.				
<b>Business Activities</b>										
Research & development	Qualified			Qualified		Qualified				
Manufacturing of Tangible personal property, TPP	Qualified			Qualified		Qualified				
software development, computer design, <sup>ii</sup>	N/A			N/A		Qualified				
Data processing	Qualified			Qualified		Non-qualified	Qualified			
Telecommunications	Qualified			Qualified		Non-qualified	Qualified			
Insurance services	Qualified			Qualified		Non-qualified	Qualified			
Financial services	Qualified			Qualified		Non-qualified	Qualified			
Warehousing, distribution of	Qualified			Qualified		Non-qualified	Qualified			

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TPP										
Transportation of TPP	Qualified			Qualified		Non-qualified	Qualified			
Retail sale of TPP if more than 20% is: <sup>iii</sup>	Qualified			Qualified		Non-qualified	Qualified			
Administrative Management	Of any taxpayer activity			Of any taxpayer activity		Non-qualified	Of any activity of taxpayer or of entities with 10% common ownership			
Restaurants	Non-qualified			Non-qualified		Non-qualified				
Contractor and repair person	Non-qualified			Non-qualified		Non-qualified				
Most retailers except those stated above	Non-qualified			Non-qualified		Non-qualified				
Farming, ranching & livestock operation	Non-qualified			Non-qualified		Non-qualified				
Benefits										
Direct refund of sales tax on qualified property or an aircraft	Property placed in service in attainment and entitlement periods.			N/A		50% of tax on property placed in service in the attainment and entitlement periods.	Property placed in service in attainment and entitlement periods.	N/A	Property placed in service in attainment and entitlement periods.	
Investment credit on qualified	N/A	10% Investment credit earned from date of application through end of the entitlement period.		\$2,750 Investment credit earned for each \$50,000 net gain in qualified property available for		3% Investment credit earned from date of application through end of the entitlement	10% Investment credit earned from date of application through end of the	N/A	10% Investment credit earned from date of application through end of the	N/A

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property				use.		period.	entitlement period.		entitlement period.	
Credit on employment growth	N/A	5% compensation credit earned in the entitlement period on taxable wages of new, resident employees		\$3,000 employment credit earned for each new full time equivalent Nebraska employee		Compensation credit equal to percentage of taxable wages of new employees The percentage is from 3% to 6% based on the average wage				N/A
Personal property tax exemption <sup>iv</sup>	N/A		Aircraft from year after application.  Other after reaching the required levels.  Through sixteenth December 31 after application.	N/A		N/A			Aircraft from year after application  Other after reaching the required levels.  Through ninth December 31 after year of qualification	N/A
Use of Credits										
Retain withholding	N/A			N/A		Limited to the amount of compensation credit or withholding attributable to new employees				N/A
Credit refund of sales and use taxes paid on purchases at the project	N/A	During the entitlement and carryover period and to the extent of credits earned in a prior year		Refund of state sales and use taxes. Up to the amount paid on increased investment in the year the credits are earned.		During the entitlement and carryover period and to the extent of credits earned in a prior year				N/A
Credit to reduce income tax liability	N/A	Credits may be used after other non-refundable credits to pay up to 100% of NE unitary tax liability.		Refundable credit by a taxpayer filing a NE income tax return.		Credits may be used after other non-refundable credits to pay up to 100% of NE unitary tax liability.				N/A
Distribution of credits to	N/A	Credits may be distributed in the same manner as income and		Credits may be distributed in the same manner as income and		Credits may be distributed in the same manner as income and used to pay up to 100% of their NE income tax liability				N/A

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owner of flow through entity		used to pay up to 100% of their NE income tax liability		used to pay up to 100% of their NE income tax liability							
Qualified property is tangible, depreciable property	Except for aircraft, barges, motor vehicles, railroad rolling stock, watercraft, and property rented to another party.			Except for motor vehicles, aircraft, or railroad rolling stock, and property rented to another party.		Except for aircraft, barges, motor vehicles, railroad rolling stock, watercraft, and property rented to another party.		N/A		Except for aircraft, barges, motor vehicles, railroad rolling stock, watercraft, and property rented to another party.	
Owned property	Valued at original cost.			Valued at original cost.		Valued at original cost.		N/A		Valued at original cost	
Rented, qualified property	Average net annual rent multiplied by a number of years, not to exceed 10 years or 3 years after the end of the entitlement period whichever is earlier			Annualized rental obligation multiplied by eight at each of the measuring points used for comparison.		Average net annual rent multiplied by a number of years, not to exceed 10 years.		N/A		Average net annual rent multiplied by a number of years, not to exceed 10 years	
Report by project	N/A			1-1-2006		1-1-2006					

October 31, 2005

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- i. The wages paid must be at least 60% of the state average wage for the application year.
  - ii. Software development, computer design, product testing, guidance and surveillance system design, or licensing of technology if 75% of sales are to persons outside the state of Nebraska or to the United States Government
  - iii. Retail sale of TPP if more than 20% is: at wholesale; manufactured by seller; or sold to others in a qualified activity
  - iv. Personal property tax exemption on turbine-powered aircraft, mainframe business computers and some peripherals, and equipment involved directly in processing an agricultural product or for LB 312, distribution center equipment used to store or move products